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August 28, 1997

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY COURIER

William F. Caton, Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

Re: Comments of Communications Central Inc., CC Docket No. 96-128

Dear Mr. Caton:

Enclosed is an **original** and 4 copies of Comments of Communications Central Inc. ("CCI") that were filed with the Federal Communications Commission ("FCC") on August 26, 1997, regarding the above-captioned matter. CCI filed a **faxed original** and 4 copies on August 26, and would like to replace the filing with the enclosed original and 4 copies to be placed in the FCC's files for distribution purposes.

Sincerely yours,

Robert F. Aldrich/ncw

Robert F. Aldrich

RFA/nw
Enclosures

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the

FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-128

COMMENTS OF COMMUNICATIONS CENTRAL INC.

Barry E. Selvidge
Vice President, Regulatory Affairs
and General Counsel

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August 26, 1997

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COMMENTS OF COMMUNICATIONS CENTRAL INC.

Communications Central Inc. ("CCI") respectfully submits its comments in response to the Commission's Public Notice, DA 97-1673, released August 5, 1997, in the above-captioned docket (the "Notice").

I. SUMMARY OF POSITION

The Commission was correct in using a market-based surrogate to set the default rate for dial around compensation. This approach is in full accord with the Court of Appeals' remand. Even on a current cost basis, CCI's data reveals there is little difference between the costs of a local coin call and a dial around call, such as a subscriber 800 or access code call. In fact, there is evidence that the cost of a dial around call may become greater than the cost of a local coin call in the future as the industry moves to a per-call compensation system. The additional expense in collecting and auditing such compensation will be the major factor in increasing such costs. The Commission's setting of a default rate of $.35 based on market factors is legally sustainable and justified. CCI's cost evidence provides a reference point which proves that the cost of both a local coin call and a dial around call is approximately $.35. Therefore, once the Commission responds to data regarding the costs of various types of calls, the cost information is instructive, but not determinative, in reviewing the level of default compensation for dial around calls. In fact, the Commission can reach the same result on the amount of default compensation, but with a better explanation. That result requires the aggregate interim compensation amount for PSPs to increase to $54.95, which takes into account the increase in the number of CCI's dial around calls to 157 per month (from the previous level of 129 calls per month), multiplied by the $.35 default rate. All carriers, including LECs, should be required to pay their fair share of dial around compensation. The appropriate basis for allocating the flat rate compensation obligations among carriers should continue to be based on their share of toll revenues. Finally, retroactive adjustments to the default rate would not be in the public interest and would thwart the stated congressional mandate to promote the widespread availability of payphones to the general public. Continued timely and accurate receipt of dial around compensation is absolutely essential to the long-term survival of a competitive payphone industry.

II. CCI'S INDUSTRY POSITION WELL QUALIFIES ITS DATA AS RELIABLE FOR USE BY THE COMMISSION IN REASSESSING ITS ORDERS PURSUANT TO THE COURT'S REMAND

CCI is one of the largest independent payphone service providers ("PSPs") in the country, owning and operating more than 26,000 payphones and inmate phones in 41 states and the District of Columbia.[1] The company has been an active participant in the payphone marketplace since 1986 and serves a broad range of government, corporate, and independent accounts. CCI is a publicly-held corporation whose stock is traded on the Nasdaq National Market System.

CCI is a member of the American Public Communications Council, Inc. ("APCC"), the national trade association of the independent payphone industry. The company's comments herein are limited to certain issues raised in the Notice and relate only to its public payphone

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[1]Of the 26,000 phones, the Company currently operates approximately 6,000 inmate phones in over 500 confinement facilities located in 35 states through its wholly-owned subsidiary, InVision Telecom, Inc. CCI has entered into an agreement with Talton Holdings, Inc. to sell substantially all of the assets of InVision. The agreement is expected to close within approximately six weeks.

operations. CCI adopts the APCC's comments related to the Notice to the extent they are consistent with CCI's comments, as well as the APCC's comments on issues not specifically addressed in the comments below.

III. THE COMMISSION IS LEGALLY JUSTIFIED TO RETAIN A MARKET-BASED COMPENSATION DEFAULT RATE AMOUNT FOR SUBSCRIBER 800 AND ACCESS CODE CALLS

In accordance with the opinion issued by the Court of Appeals[2] ("Court") and the associated remand of certain issues, the Commission's Notice seeks comment on three specific areas regarding the default rate for compensation of subscriber 800 and access code calls: A) the differences in costs to the PSP of originating subscriber 800 calls, on the one hand, and local coin calls, on the other hand; B) whether, and if so, how these cost differences should affect a market-based compensation amount; and C) whether the local coin rate, subject to an offset for expenses unique to these calls, is an appropriate per-call compensation rate for calls not compensated pursuant to a contract or other arrangement, such as subscriber 800 calls and access code calls.[3]

Before answering these questions, a threshold and overriding issue must be addressed and

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[2]Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996 (CC Docket No. 96-128), Report and Order, FCC 96-388 (released September 20, 1996), Reconsideration Order, FCC 96-439 (released November 8, 1996), (hereafter "Orders") affirmed in part, reversed and remanded in part, Illinois Public Telecommunications Assn. v. FCC, D.C. Circuit Nos. 96-1394 et al. (July 1, 1997).

[3]Notice at 2-3.

applied. That is, the Commission is legally justified, in accordance with the Court's remand, to retain a market-based compensation default rate amount for subscriber 800 and access code calls from payphones. Once this premise is applied, the analyses related to the costs of various types of calls is useful as information which the Commission can consider in responding to the cost data and correcting its deficiencies as identified by the Court. However, the Commission's prior fundamental decision to use a market-based approach in determining the default rate for dial around compensation remains legally justified. That basic decision is not required to, and should not, change. Contrary to the carriers' assertions, the Commission can legally reach the same result on the default rate amount for dial around calls, but with a better explanation.[4]

A. The Commission Is Not Required To Set A Default Compensation Rate Based Solely On PSP Costs

It is crucial to recognize that the Court did not mandate that the Commission set a new

[4]The larger carriers have stretched the limits of credibility in arguing to the Court that "the new rate to be computed by the Commission on remand certainly will be lower than the $.35 default rate the Court found arbitrary and capricious." The plain reading of the Court's opinion is that the Commission failed to justify the default rate. Once the Commission considers all the evidence, including cost data, it may reach a rate that is the same, higher, or lower than the prior amount. The existing default rate was found by the Court to be "arbitrary and capricious" based on the FCC's failure to respond to certain data in the record, not the actual level of the default rate. The only justifiable reason to lower the larger carriers' interim compensation payments is the Court's finding that all carriers may be required to pay on an interim basis, which would reduce the larger carriers' pro-rata shares. It does not follow, however, that the interim compensation default rate itself must change. Motion for Clarification Or, In the Alternative, For Partial Rehearing, The Interexchange Carrier Parties, D.C. Circuit Nos. 96-1394 et al. (August 15, 1997).

dial around compensation rate based solely on payphone providers' costs. On the contrary, the Court's conclusion was correctly noted in the Notice: the Commission did not adequately justify setting the per-call compensation rate for subscriber 800 and access code calls at the same rate as the deregulated local call rate of $.35 and, specifically, that the Commission failed to respond to data that the costs of coin calls, subscriber 800 calls, and access code calls are all similar (emphasis added).[5] As such, the resulting cost information submitted by CCI and other PSPs is instructive, but not determinative in reviewing the level of default compensation for dial around calls.

1. On A Current Cost Basis, There Is Little Difference In The Cost Of A Local Call Versus A Dial Around Call

The issue of whether the cost of a local coin call is greater than that for coinless calls, such as subscriber 800 and access code calls, has been a centerpiece of the carriers' arguments in attempting to reduce the default rate for dial around compensation to payphones. The IXCs have argued, for example, that the costs of local coin calls are higher than the costs of subscriber 800 and access code calls because the PSP pays for originating and completing local coin calls while, for coinless calls, the PSP only pays for originating the calls.[6] In other words, the IXCs argue that the costs of a local coin call include "local measured service" charges that would not be

[5]Notice at 2.

[6]Id.

incurred in the completion of a dial around call.[7] Though the basic costs for the access line and necessary blocking and screening services must be incurred, in any event, for any call to be completed from the payphone, CCI's data below does not include local measured usage in the costs of a dial around call.

The IXCs have further argued that the costs of local coin calls is higher than those of coinless calls due to the necessary coin collection costs associated with local coin calling.[8] CCI's data does not include the coin collection costs in the cost of a dial around call. Upon removing these two cost elements from dial around calls, all other costs are properly incurred in generating either a local coin call or a dial around call from a CCI payphone. Coin collection and local measured service charges are the only legitimate costs that arguably can be allocated to local coin calls alone.

Certainly, an argument can be made that local coin calls are different and perhaps more expensive than dial around calls. However, CCI's data reveals that the costs are relatively similar, even after eliminating coin collection and local measured usage costs from the cost calculations

[7]These charges are assessed by certain local exchange carriers on a "measured" (per minute) or "message" (per call) basis. However, the trend is toward flat rate pricing for payphone access lines with no additional usage costs, as evidenced by BellSouth's prior tariff filings in Alabama, Georgia, and Mississippi which purport to be in compliance with the "new services test" requirements. Moreover, numerous CCI payphones are currently serviced by flat-rated access lines.

[8]The Court also noted that APCC previously acknowledged that the costs of local coin calls are arguably higher than those of coinless calls, based on the usage and coin collection costs typically associated with local coin calling. Opinion at 14; APCC Comments at 16 n.15.

for dial around calls. Table 1 shows the average number of calls carried by a typical CCI payphone for the fiscal year ending June 30, 1997. The number of dial around calls has been factored to reflect only completed calls, pursuant to the Commission's compensation requirement, and includes all subscriber 800 and access code calls.[9]

TABLE 1

TOTAL NUMBER OF MONTHLY CALLS FROM CCI PAYPHONES (BY TYPE)

Local Coin Calls	510
Sent-Paid Toll Calls	10
Operator-Assisted Toll Calls	26
Dial Around Calls	157
411 Calls	12
555-1212 Calls	3
911 Calls	2
TOTAL CALLS	720

[9]CCI captures "Station Message Detail Reporting" ("SMDR") on its payphones which records call attempts to a wide variety of numbers. For dial around calls, a factor is applied which discounts recorded calls below a certain number of seconds. The remaining calls are counted as completed calls.

Based on a total of 720 calls per month from an average CCI payphone, Table 2 reveals the associated costs for local coin calls and dial around calls, respectively.

TABLE 2

CURRENT COST OF LOCAL COIN CALLS VERSUS DIAL AROUND CALLS

	Local Coin Calls	Dial Around Calls
Monthly Direct Costs		
Telephone Bill	$0.08	$0.06[10]
Location Owner Commissions	0.05	0.05[11]
Maintenance and Collection	0.06	0.05[12]
Parts and Supply	0.01	0.01
Other Costs	0.01	0.01
Total Direct Costs	$0.21	$0.18

[10]Reflects the deduction of local measured usage charges.

[11]While some marginal differences exist in the commission levels paid between local coin calls and dial around calls, the costs are treated as equal for purposes of this analysis.

[12]Reflects current direct costs of dial around collection, administrative expenses related to audit and dispute resolution, and computer resources. Does not take into account costs related to compensation not received when due, though valid payphone access lines exist. Further, CCI incurs a delay of at least three months for such compensation to be paid, versus immediate collection on local coin calls. The interest cost related to this minimum 90-day period is also not included.

Overhead	$0.04	$0.04
Depreciation	0.03	0.03
Amortization	0.02	0.02
Interest	0.02	0.02
Total Pre-Tax Costs	$0.32	$0.29
Taxes	0.01	0.01
Return on Invested Capital	0.04	0.04
Total Costs + Return On Invested Capital	$0.37	$0.34

NOTE: The above reflects unaudited, fully allocated costs extrapolated from CCI's public financial data. Overhead, depreciation, amortization and interest expense relate solely to CCI's payphone operations. Average asset life of CCI's payphone equipment is seven (7) years.

The above calculations reveal that there is currently little cost differential between local coin calls and dial around calls generated from CCI's payphones. The only substantive cost differences relate to the existing level of local measured service charges paid to complete certain local calls versus dial around calls, and the coin collection expense allocated only to local coin calls. Such data provides the Commission with credible information on which a further review of costs can be undertaken. However, as noted below, CCI's costs for dial around calls are subject to increase based on the transition to a per-call compensation system for dial around calls and the associated collection and administrative costs.

2. In the Future, The Cost Of A Dial Around Call May Exceed The Cost Of A Local Coin Call

As the industry transitions to a per-call compensation system, it is entirely possible that the cost of a dial around call may actually exceed the cost of a local call. Several factors may be responsible for this increase.

Foremost, it may eventually cost as much to collect dial around compensation on a per call basis as it does to collect coins for a local coin call. In its Notice, the Commission requested comment on the cost of a local call, "subject to an offset unique to those calls."[13] Carriers have also challenged the inclusion of coin collection costs in the cost attributed to dial around calls. CCI's data above specifically eliminates this cost element from the cost of dial around calls. However, these same carriers have conveniently failed to focus on the costs of collecting the dial around compensation itself.

While independent PSPs' experience has been generally limited to the current interim flat-rate collection system for dial around compensation[14], even this simplistic method has resulted in an inordinate amount of administrative resources being dedicated to obtain the necessary

[13]Notice at 2.

[14]AT&T and Sprint previously had secured waivers from the Commission to pay dial around compensation on access code calls in the amount of 25 cents per call. Based on per call reports received from these companies as compared to CCI's actual SMDR data during the same period, CCI has serious concerns regarding the accuracy of per-call tracking systems generally and whether they will be available and fully operational on a timely basis in accordance with the Commission's orders.

documentation and making the required contacts to resolve the numerous payment disputes every quarter. Given the fact that there may be over 1,000 carriers participating in the per-call compensation payment system as of October this year, the amount of effort and expense necessary to ensure both accurate reporting and payment of dial around compensation is likely to escalate dramatically for PSPs.

The reality is, coin collection is totally within the control of CCI; dial around tracking and collection is not. While PSPs must fulfill their technical obligations to obtain dial around payments, the fundamental ability for CCI to receive timely and accurate dial around compensation is squarely in the hands of the payers -- the carriers -- who remain the appropriate parties to remit and track such payments to PSPs, in accordance with the Commission's orders and the Court's affirmations. This is an important distinction that must be recognized when attempting to assess the relative costs for local coin and dial around calls.

Another factor responsible for increasing the costs of dial around calls is that certain existing CCI contracts do not require the payment of commissions on dial around revenues. As new contracts are signed and location owners become more sophisticated regarding the effects of dial around compensation, additional commissions will have to be paid to retain the right to operate payphones at these locations. There are only marginal differences today between CCI's commissions paid on local coin calls and dial around calls. However, this demand, along with the associated rise in dial around revenues, will only serve to increase overall commission levels for the long term and result in additional costs which ultimately must be added to the cost of a dial around call.[15]

3. CCI's Cost Analysis And Allocations Are Reasonable And Reflect Market Place Realities In the Payphone Industry

CCI's data reflects that respective costs for local coin calls and dial around calls are similar, thus further justifying the Commission's \$.35 market-based compensation level. Moreover, the market place reality is that CCI payphones cannot be placed for public use as an outlet for generating dial around calls which financially benefit carriers without receipt of fair compensation for calls made from its payphones.

AT&T has previously accused CCI of incorrectly including all costs associated with our coin services, "none of which benefit the carriers who must pay per-call compensation." AT&T has further stated that commissions and "substantial overhead costs, as well as depreciation expenses that reflect extraordinary equipment costs" cannot be properly included.[16] AT&T knows better. It has direct industry experience which it has conveniently ignored. For example, commissions must be paid to location owners so that payphones may be placed for public use.

[15]In its data, CCI has equated the level of commissions on a local coin call and a dial around call. As noted above, however, there are some marginal differences in commission levels for certain existing location contracts for which no commission payments are currently due on dial around payments.

[16]AT&T Reply Comments at 7.

These costs are properly attributed to both local coin and dial around calling.

AT&T has also previously offered its own 6,000 non-coin phones as the most appropriate "analog" for the costs to be included in calculating per-call compensation. It suggests that the cost of "traditional" non-coin phones with their associated costs should be the measure -- a very self-serving measure. AT&T is indeed in a very unique position. Virtually all of AT&T's non-coin phones are installed at inside, well-protected, high-traffic locations such as airports. The vast majority of CCI's and other PSP's payphones are installed for public use at outside locations with inherently higher costs to service and maintain. That is market place reality, not the anomaly proposed by AT&T.

In addition, AT&T and Sprint have previously challenged cost data based on the premise that the Commission should only look to the costs of "efficient providers".[17] CCI submits that independent PSPs, such as CCI, were required to be efficient in order to compete and survive in an anticompetitive environment which has characterized the payphone industry for more than a decade since competition was first allowed.

CCI's cost analysis and allocations are reflective of the payphone industry in general and, as such, may be reliably used by the Commission as further justification for retaining its market-based amount of $.35 per call for dial around calls.

[17] AT&T Reply Comments at 7; Sprint Comments at 2.

4. The Per Call Compensation Amount Cannot Be Based On The Marginal Cost Of Providing A Dial Around Call

IXC proposals to base the per call compensation amount on the marginal cost of providing dial around calls must be rejected. As previously stated, the Court did not require the Commission to base the per call compensation amount on cost. However, even for comparison purposes, a marginal cost analysis is not a reasonable method to calculate the costs of such calls. The market place reality is that CCI's payphones are available for all types of calls to be made. The Commission is under a mandate to ensure that PSPs have the opportunity to earn fair compensation on each and every intrastate and interstate call. Such a mandate cannot be carried out by prescribing a dial around compensation rate in any way related to marginal cost.

Specifically, carriers have argued that the marginal cost of using a payphone to place a non-coin call is zero, since it is nothing more than the use of an existing payphone equipped to provide local coin calls, which is the greatest number of calls generated from payphones.[18] In addition, they argue that there are no incremental cash costs associated with such usage, and that the "wear and tear" related to the dialing of a telephone number and handset use is de minimis.[19]

A marginal call standard for dial around calls does not address fair compensation for other types of calls placed from payphones and, as APCC has correctly questioned, whether the

[18]CCI's data reveals that nearly 22 percent of the total calls at its payphones are dial around calls. The carriers surely would not argue that they deserve only marginal costs for 22 percent of their traffic volumes.

[19]AT&T Reply Comments at 2; Sprint Comments at 18.

compensation available to PSPs on other call types is sufficient to allow recovery of the remaining costs.[20] Such a standard necessarily would unfairly shift the cost recovery burden to the other calls. As BellSouth's comments noted, if marginal cost is to be the basis, the relevant marginal cost is that of installing and operating an additional payphone.[21] If the Commission relies on a marginal cost analysis under any scenario, rates for all calls must be sufficient so that the total revenues to be obtained from all calls made at the payphone will be adequate to recover the total marginal costs of installing and operating the payphone.[22]

The carriers also incorrectly assume that the revenues obtained from other types of calls within the PSPs' control, such as local coin calls and 0+ calls, are well in excess of marginal costs and more than sufficient to cover their fixed costs.[23] The natural result, the carriers argue, is that if those revenues fail to cover fixed costs, PSPs should remove the phones. Once again, the carriers' myopic views miss the mark.

Dial around compensation cannot be viewed in a vacuum. It must be viewed in accordance with the overall mandates of Section 276 which were meant to work in concert to correct the widespread inequities which have been cancerous to the payphone industry. A key

[20]APCC Reply Comments at 2.

[21]BellSouth Comments at 11.

[22]APCC Reply Comments at 34.

[23]Sprint Reply Comments at 12.

mandate is that each call from a payphone must bear its fair share of cost and be fairly compensated. Marginal costing is an appropriate methodology only when the Commission would ensure a total revenue requirement for payphones, unless it desires to dramatically raise the price of other calls.

In particular, marginal costing would place intense upward pressure upon the deregulated local coin rate and additional pressure to increase rates on long distance calls -- a result that neither the Commission nor Congress intended, and one that is not in the public interest. Further, since the vast majority of payphone costs are fixed in the short run, if a PSP's revenue on each call covered only the marginal cost of that call, no PSP could stay in business. Such a result is clearly contrary to the congressional mandate to promote payphone competition and the widespread deployment of payphones for use by the general public.

The Court's decision did not change the fundamental requirement of Section 276 that the Commission must take affirmative steps to ensure that the payment amount for all calls from payphones is fair and compensatory. IXC proposals to determine, in any manner, the per call compensation amount on the marginal cost of providing service must be rejected as clearly inadequate in measuring fair compensation for PSPs.

B. Cost Similarities May Be Recognized As Additional Evidence In Retaining A Market-Based Rate For Subscriber 800 And Access Code Calls

1. CCI's Cost Data Further Justifies Retaining The Market-Based Rate At $.35 As Being Equivalent To A Deregulated Local Coin Call

CCI's cost data proves that the current cost of a local coin call is similar to the cost of a dial around call. The resulting $.37 cost for local coin calls versus the $.34 cost for dial around calls further justifies the Commission's existing market-based surrogate of $.35 per call for subscriber 800 and access code calls.

Carriers continue to make the well-worn argument that the vast majority of payphones are placed voluntarily by PSPs with complete freedom of entry and exit and, as such, it may be presumed that the revenue streams under their control will cover the fixed costs of the payphones.[24] They then make the quantum leap that the only additional costs of handling dial around calls are limited to the additional wear and tear on the keypad or other parts of the phone. They also discount "opportunity costs" when a caller making a dial around call may displace a caller wishing to make a coin call or 0+ call through the presubscribed carrier at the payphones.

None of the arguments is persuasive when placed in the appropriate context. CCI's cost data proves that the actual costs of a local coin call and a dial around call are similar. Such information can be used effectively by the Commission in retaining its market-based rate for dial around calls.

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[24]Sprint Reply Comments at 8.

Cost data is merely instructive in the Commission's review of the level of default compensation for dial around calls. Should the Commission, however, determine that the compensation rate is to be based on cost versus a market-based approach, it should rely on data submitted by the publicly-traded companies, such as CCI. As a publicly-held entity, CCI's financial data is readily available, subject to strict accounting standards, and should be given due weight.

2. The Local Coin Rate Remains An Appropriate Per-Call Compensation Rate For Calls Not Compensated Pursuant To A Contract Or Other Arrangement

The Commission's Notice requested comment on whether the local coin rate, "subject to an offset for expenses unique to these calls," is an appropriate per-call compensation rate for calls not otherwise compensated.[25] CCI's cost data proves that the deregulated local coin rate remains an appropriate per-call compensation rate for subscriber 800 and access code calls.

Even adjusted for a reasonable offset for expenses, including the removal of coin collection and local measured usage costs from the cost of a dial around call, CCI's data proves that the $.35 average deregulated coin rate remains an appropriate surrogate. Further, the $.35 rate is not only appropriate because it is the market-based level at which the deregulated local coin rate has settled, but also because the costs are similar between a local coin call and a dial

[25]Notice at 2.

around call. As such, a $.35 per-call dial around rate is also in accord with the premise that the market value of any call placed from a payphone is basically the same.

IV. THE INTERIM COMPENSATION LEVEL FOR SUBSCRIBER 800 AND ACCESS CODE CALLS MUST BE REVISED, BASED ON INCREASED CALL LEVELS

A. The Aggregate Interim Compensation Amount For PSPs Should Increase To $54.95 Per Phone Per Month (157 calls x $.35)

The Court acknowledged that the Commission may elect to set a new interim rate and use it as the default rate at the conclusion of the interim period.[26] As previously stated, the Commission may justify an interim rate using a market-based approach, so long as it considers the cost data and related arguments as evidence in determining the level of interim dial around compensation. Therefore, the deregulated local coin rate may remain a valid market-based surrogate. The Commission may then develop a new interim default rate based on the $.35 level, multiplied by the increased number of dial around calls from payphones.

CCI's actual experience in dial around calling from its payphones proves that the number of such calls continues to escalate. In May 1996, an average of 129 subscriber 800 and access code calls were made from CCI's payphones.[27] Currently, 157 subscriber 800 and access code calls on average are being made from the company's phones. Therefore, the Commission should

[26]Opinion at 17.

[27]CCI Comments at Attachment B.

apply the updated call data to the existing default rate to achieve a more realistic interim compensation level of $54.95, which reflects 157 dial around calls per payphone per month, multiplied by $.35 per call.

B. Continued Timely and Accurate Receipt Of Interim Dial Around Compensation Is Absolutely Essential To Industry Viability

Continued receipt of interim dial around compensation on a timely and accurate basis, in accordance with the Commission's clarification that such obligations remain in effect,[28] is essential to the ongoing ability of CCI and the PSP industry to deploy the highest quality public communications service to the general public in accordance with the Commission's goals and to sustain itself on a financially viable basis.

Without continued economic relief on an interim basis through the timely payment of dial around compensation from carriers, CCI and other independent PSPs will be forced to remove additional payphones from areas in which they cannot be financially supported. As the IXCs continue to promote the shift of operator-assisted traffic to dial around calling, operator service provider ("OSP") traffic and the inherent revenues continue to decline, leading the company to reassess its existing payphone installations. CCI's own statistics, which previously noted the removal of over 1,000 payphones in a six-month period, attests to the severity of the problem.[29]

[28] Notice at 1-2.

[29] CCI Reply Comments at 9.